

**CITY OF BISMARCK POLICE PENSION FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2006**

|  | July-06          |              |              |               | Current       | Prior Year    | 3 Years       | 5 Years       |
|--|------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
|  | Market Value     | Allocation   | Actual       | Month         | Fiscal YTD    | FY06          | Ended         | Ended         |
|  |                  |              | Policy       | Net ROR       | Net ROR       |               | 6/30/2006     | 6/30/2006     |
|  |                  |              |              |               |               |               | Net           | Net           |
| <b>LARGE CAP DOMESTIC EQUITY</b>               |                  |              |              |               |               |               |               |               |
| <i>Structured Growth</i>                       |                  |              |              |               |               |               |               |               |
| LA Capital                                     | 683,009          | 3.3%         | 3.6%         | -3.49%        | -3.49%        | 11.88%        | N/A           | N/A           |
| <b>Total Structured Growth</b>                 | <b>683,009</b>   | <b>3.3%</b>  | <b>3.6%</b>  | <b>-3.49%</b> | <b>-3.49%</b> | <b>11.88%</b> | <b>12.99%</b> | <b>0.19%</b>  |
| <i>Russell 1000 Growth</i>                     |                  |              |              | -1.90%        | -1.90%        | 6.12%         | 8.34%         | -0.77%        |
| <i>Structured Value</i>                        |                  |              |              |               |               |               |               |               |
| LSV  | 743,002          | 3.6%         | 3.6%         | 1.80%         | 1.80%         | 15.93%        | 21.06%        | 12.29%        |
| <i>Russell 1000 Value</i>                      |                  |              |              | 2.43%         | 2.43%         | 12.10%        | 15.70%        | 6.89%         |
| <i>Enhanced Russell 1000 Index</i>             |                  |              |              |               |               |               |               |               |
| LA Capital                                     | 891,964          | 4.4%         | 4.6%         | -1.13%        | -1.13%        | 12.49%        | 12.73%        | 3.75%         |
| <i>Russell 1000</i>                            |                  |              |              | 0.22%         | 0.22%         | 9.08%         | 12.05%        | 3.12%         |
| <i>Enhanced S&amp;P 500 Index</i>              |                  |              |              |               |               |               |               |               |
| Northern Trust                                 | 918,876          | 4.5%         | 4.6%         | 0.84%         | 0.84%         | 9.33%         | 11.32%        | 2.81%         |
| Westridge                                      | 958,221          | 4.7%         | 3.6%         | 0.65%         | 0.65%         | 8.80%         | 11.46%        | 2.80%         |
| Wells Capital                                  | 457,368          | 2.2%         | 2.4%         | -1.02%        | -1.02%        | N/A           | N/A           | N/A           |
| <b>Total Enhanced S&amp;P 500 Index</b>        | <b>2,334,466</b> | <b>11.4%</b> | <b>10.6%</b> | <b>0.40%</b>  | <b>0.40%</b>  | <b>8.58%</b>  | <b>11.40%</b> | <b>2.76%</b>  |
| <i>S&amp;P 500</i>                             |                  |              |              | 0.62%         | 0.62%         | 8.63%         | 11.22%        | 2.49%         |
| <i>S&amp;P 500 Index</i>                       |                  |              |              |               |               |               |               |               |
| State Street                                   | 305,365          | 1.5%         | 1.7%         | 0.86%         | 0.86%         | 9.62%         | 11.55%        | 2.70%         |
| <i>S&amp;P 500</i>                             |                  |              |              | 0.62%         | 0.62%         | 8.63%         | 11.22%        | 2.49%         |
| <b>TOTAL LARGE CAP DOMESTIC EQUITY</b>         | <b>4,957,805</b> | <b>24.3%</b> | <b>24.0%</b> | <b>-0.20%</b> | <b>-0.20%</b> | <b>10.93%</b> | <b>13.21%</b> | <b>3.86%</b>  |
| <i>S&amp;P 500</i>                             |                  |              |              | 0.62%         | 0.62%         | 8.63%         | 11.22%        | 2.49%         |
| <b>SMALL CAP DOMESTIC EQUITY</b>               |                  |              |              |               |               |               |               |               |
| <i>Manager-of-Managers</i>                     |                  |              |              |               |               |               |               |               |
| SEI  | 1,614,330        | 7.9%         | 8.6%         | -3.55%        | -3.55%        | 13.56%        | 18.31%        | 8.00%         |
| <i>Russell 2000 + 200bp</i>                    |                  |              |              | -3.09%        | -3.09%        | 16.86%        | 21.06%        | 10.71%        |
| Callan   | 626,446          | 3.1%         | 3.4%         | -4.14%        | -4.14%        | N/A           | N/A           | N/A           |
| <i>Russell 2000</i>                            |                  |              |              | -3.25%        | -3.25%        |               |               |               |
| <b>TOTAL SMALL CAP DOMESTIC EQUITY</b>         | <b>2,240,776</b> | <b>11.0%</b> | <b>12.0%</b> | <b>-3.55%</b> | <b>-3.55%</b> | <b>13.40%</b> | <b>18.25%</b> | <b>7.97%</b>  |
| <i>Russell 2000</i>                            |                  |              |              | -3.25%        | -3.25%        | 14.58%        | 18.70%        | 8.50%         |
| <b>INTERNATIONAL EQUITY</b>                    |                  |              |              |               |               |               |               |               |
| <i>Large Cap - Core</i>                        |                  |              |              |               |               |               |               |               |
| State Street                                   | 226,633          | 1.1%         | 1.1%         | 1.07%         | 1.07%         | 27.85%        | 20.61%        | 6.87%         |
| <i>MSCI EAFE (1)</i>                           |                  |              |              | 0.99%         | 0.99%         | 26.56%        | 20.76%        | 5.94%         |
| <i>Large Cap - Active</i>                      |                  |              |              |               |               |               |               |               |
| Capital Guardian                               | 669,522          | 3.3%         | 3.3%         | 0.82%         | 0.82%         | 28.01%        | 21.32%        | 6.58%         |
| LSV  | 655,336          | 3.2%         | 3.3%         | 1.14%         | 1.14%         | 27.77%        | N/A           | N/A           |
| Bank of Ireland                                | 221,801          | 1.1%         | 1.1%         | 0.46%         | 0.46%         | 22.00%        | 19.16%        | N/A           |
| <b>Total Large Cap - Active</b>                | <b>1,546,658</b> | <b>7.6%</b>  | <b>7.7%</b>  | <b>0.90%</b>  | <b>0.90%</b>  | <b>27.11%</b> | <b>21.84%</b> | <b>7.14%</b>  |
| <i>MSCI EAFE - 50% Hedged</i>                  |                  |              |              | 0.98%         | 0.98%         | 26.72%        | 22.56%        | 6.89%         |
| <i>Small Cap - Active</i>                      |                  |              |              |               |               |               |               |               |
| Lazard   | 213,634          | 1.0%         | 1.1%         | -2.15%        | -2.15%        | 25.04%        | 29.34%        | N/A           |
| Wellington                                     | 215,326          | 1.1%         | 1.1%         | 0.23%         | 0.23%         | 23.35%        | 25.26%        | N/A           |
| <b>Total Small Cap - Active</b>                | <b>428,960</b>   | <b>2.1%</b>  | <b>2.2%</b>  | <b>-0.97%</b> | <b>-0.97%</b> | <b>24.18%</b> | <b>27.28%</b> | <b>N/A</b>    |
| <i>Citigroup Broad Market Index &lt; \$2BN</i> |                  |              |              | -2.00%        | -2.00%        | 29.21%        | 32.38%        | N/A           |
| <b>TOTAL INTERNATIONAL EQUITY</b>              | <b>2,202,251</b> | <b>10.8%</b> | <b>11.0%</b> | <b>0.55%</b>  | <b>0.55%</b>  | <b>26.61%</b> | <b>22.77%</b> | <b>8.74%</b>  |
| <i>MSCI EAFE - 50% Hedged</i>                  |                  |              |              | 0.98%         | 0.98%         | 26.72%        | 22.56%        | 6.89%         |
| <b>EMERGING MARKETS EQUITY</b>                 |                  |              |              |               |               |               |               |               |
| <i>Core</i>                                    |                  |              |              |               |               |               |               |               |
| JP Morgan                                      | 112,211          | 0.5%         | 0.5%         | 1.75%         | 1.75%         | N/A           | N/A           | N/A           |
| PanAgora                                       | 97,215           | 0.5%         | 0.0%         | 2.17%         | 2.17%         | N/A           | N/A           | N/A           |
| WestLB   | 99,792           | 0.5%         | 0.0%         | 1.42%         | 1.42%         | N/A           | N/A           | N/A           |
| UBS  | 175,176          | 0.9%         | 0.9%         | 1.71%         | 1.71%         | N/A           | N/A           | N/A           |
| <b>Total Core</b>                              | <b>484,393</b>   | <b>2.4%</b>  | <b>1.9%</b>  | <b>1.76%</b>  | <b>1.76%</b>  | <b>35.59%</b> | <b>32.44%</b> | <b>18.61%</b> |
| <i>MSCI Emerging Markets</i>                   |                  |              |              | 1.50%         | 1.50%         | 35.91%        | 22.39%        | 12.89%        |
| <i>Small Cap</i>                               |                  |              |              |               |               |               |               |               |
| DFA  | 105,206          | 0.5%         | 0.6%         | 2.22%         | 2.22%         | N/A           | N/A           | N/A           |
| <i>MSCI Emerging Markets</i>                   |                  |              |              | 1.50%         | 1.50%         |               |               |               |
| <b>TOTAL EMERGING MARKETS EQUITY</b>           | <b>589,598</b>   | <b>2.9%</b>  | <b>3.0%</b>  | <b>1.84%</b>  | <b>1.84%</b>  | <b>34.40%</b> | <b>32.05%</b> | <b>18.40%</b> |
| <i>MSCI Emerging Markets</i>                   |                  |              |              | 1.50%         | 1.50%         | 35.91%        | 34.76%        | 21.54%        |
| <b>DOMESTIC FIXED INCOME</b>                   |                  |              |              |               |               |               |               |               |
| <i>Core Bond</i>                               |                  |              |              |               |               |               |               |               |
| Western Asset                                  | 590,421          | 2.9%         | 2.9%         | 1.56%         | 1.56%         | -1.15%        | 2.65%         | 5.96%         |
| <i>Lehman Aggregate</i>                        |                  |              |              | 1.35%         | 1.35%         | -0.81%        | 2.05%         | 4.97%         |
| <i>Index</i>                                   |                  |              |              |               |               |               |               |               |
| Bank of ND                                     | 1,164,243        | 5.7%         | 6.1%         | 1.25%         | 1.25%         | -1.37%        | 1.53%         | 5.24%         |
| <b>Total Index</b>                             | <b>1,164,243</b> | <b>5.7%</b>  | <b>6.1%</b>  | <b>1.25%</b>  | <b>1.25%</b>  | <b>-0.69%</b> | <b>2.10%</b>  | <b>5.27%</b>  |
| <i>Lehman Gov/Credit</i>                       |                  |              |              | 1.30%         | 1.30%         | -1.52%        | 1.60%         | 5.13%         |
| <i>Convertibles</i>                            |                  |              |              |               |               |               |               |               |
| TCW  | 541,221          | 2.6%         | 2.9%         | -0.54%        | -0.54%        | 4.54%         | 6.78%         | 1.15%         |
| <i>Merrill Lynch All Convertibles</i>          |                  |              |              | 0.23%         | 0.23%         | 9.37%         | 8.01%         | 4.94%         |

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|   | July-06      |                      |        |                  | Current               | Prior Year      | 3 Years                   | 5 Years                   |
|---|--------------|----------------------|--------|------------------|-----------------------|-----------------|---------------------------|---------------------------|
|   | Market Value | Allocation<br>Actual | Policy | Month<br>Net ROR | Fiscal YTD<br>Net ROR | FY06<br>Net ROR | Ended<br>6/30/2006<br>Net | Ended<br>6/30/2006<br>Net |
| <b>BBB Average Quality</b>                        |              |                      |        |                  |                       |                 |                           |                           |
| <b>Wells Capital</b>                              | 579,860      | 2.8%                 | 2.9%   | 1.52%            | 1.52%                 | -2.70%          | 3.36%                     | 5.51%                     |
| <i>Lehman BBB</i>                                 |              |                      |        | 1.58%            | 1.58%                 | -2.37%          | 2.39%                     | 6.10%                     |
| <b>Private Debt</b>                               |              |                      |        |                  |                       |                 |                           |                           |
| <b>Prudential</b>                                 | 591,681      | 2.9%                 | 2.9%   | 1.39%            | 1.39%                 | -0.13%          | N/A                       | N/A                       |
| <i>Lehman Aggregate</i>                           |              |                      |        | 1.35%            | 1.35%                 | -0.81%          | N/A                       | N/A                       |
| <b>Timberland</b>                                 |              |                      |        |                  |                       |                 |                           |                           |
| RMK   | 458,314      | 2.2%                 | 2.2%   | -0.06%           | -0.06%                | -1.44%          | 7.62%                     | N/A                       |
| TIR   | 960,266      | 4.7%                 | 4.7%   | -0.03%           | -0.03%                | 13.53%          | N/A                       | N/A                       |
| <b>Total Timberland</b>                           | 1,418,579    | 6.9%                 | 6.9%   | -0.04%           | -0.04%                | 9.43%           | 20.37%                    | N/A                       |
| <i>NCREIF Timberland Index</i>                    |              |                      |        | 1.15%            | 1.15%                 | 19.69%          | 13.94%                    | N/A                       |
| <b>TOTAL DOMESTIC FIXED INCOME</b>                | 4,886,006    | 23.9%                | 24.5%  | 0.73%            | 0.73%                 | 3.12%           | 8.91%                     | 8.14%                     |
| <i>Lehman Aggregate</i>                           |              |                      |        | 1.35%            | 1.35%                 | -0.81%          | 2.05%                     | 4.97%                     |
| <b>HIGH YIELD BONDS</b>                           |              |                      |        |                  |                       |                 |                           |                           |
| <b>Core</b>                                       |              |                      |        |                  |                       |                 |                           |                           |
| Loomis Sayles                                     | 519,464      | 2.5%                 | 2.5%   | 1.52%            | 1.52%                 | 4.74%           | N/A                       | N/A                       |
| Sutter/Wells Capital                              | 520,580      | 2.5%                 | 2.5%   | 0.92%            | 0.92%                 | 4.70%           | N/A                       | N/A                       |
| <b>Total Core</b>                                 | 1,040,044    | 5.1%                 | 5.0%   | 1.22%            | 1.22%                 | 4.72%           | 5.70%                     | 3.38%                     |
| <i>LB High Yield 2% Issuer Contstrained Index</i> |              |                      |        | 0.86%            | 0.86%                 | 4.38%           | N/A                       | N/A                       |
| <b>Mezzanine Debt</b>                             |              |                      |        |                  |                       |                 |                           |                           |
| <b>Goldman Sachs</b>                              | 5,088        | 0.0%                 | 0.0%   | 0.00%            | 0.00%                 | N/A             | N/A                       | N/A                       |
| <b>TOTAL HIGH YIELD BONDS</b>                     | 1,045,132    | 5.1%                 | 5.0%   | 1.21%            | 1.21%                 | 4.72%           | 8.34%                     | 7.47%                     |
| <i>LB High Yield 2% Issuer Contstrained Index</i> |              |                      |        | 0.86%            | 0.86%                 | 4.38%           | 8.48%                     | 8.60%                     |
| <b>INTERNATIONAL FIXED INCOME</b>                 |              |                      |        |                  |                       |                 |                           |                           |
| <b>International Sovereign</b>                    |              |                      |        |                  |                       |                 |                           |                           |
| <b>UBS Global (Brinson)</b>                       | 943,504      | 4.6%                 | 4.5%   | 0.43%            | 0.43%                 | 0.13%           | 5.24%                     | 9.99%                     |
| <i>Citigroup Non-US Gov't Bond Index (2)</i>      |              |                      |        | 0.69%            | 0.69%                 | -0.11%          | 5.01%                     | 9.58%                     |
| <b>International Core</b>                         |              |                      |        |                  |                       |                 |                           |                           |
| <b>Brandywine</b>                                 | 958,295      | 4.7%                 | 4.5%   | 1.52%            | 1.52%                 | 3.89%           | 8.39%                     | N/A                       |
| <i>Lehman Global Aggregate (ex-US)</i>            |              |                      |        | 0.00%            | 0.00%                 | 3.83%           | 5.69%                     | N/A                       |
| <b>TOTAL INTERNATIONAL FIXED INCOME</b>           | 1,901,799    | 9.3%                 | 9.0%   | 0.98%            | 0.98%                 | 2.01%           | 6.82%                     | 10.91%                    |
| <i>Citigroup Non-US Gov't Bond Index (2)</i>      |              |                      |        | 0.69%            | 0.69%                 | 0.00%           | 5.05%                     | 9.60%                     |
| <b>REAL ESTATE</b>                                |              |                      |        |                  |                       |                 |                           |                           |
| INVESCO   | 862,451      |                      |        | 0.00%            | 0.00%                 | 23.84%          | N/A                       | N/A                       |
| J.P. Morgan Strategic & Special Funds             | 855,889      |                      |        | 1.31%            | 1.31%                 | 21.05%          | 17.14%                    | 12.52%                    |
| J.P. Morgan Alternative Property Fund             | 193,163      |                      |        | 0.00%            | 0.00%                 | N/A             | N/A                       | N/A                       |
| <b>TOTAL REAL ESTATE</b>                          | 1,911,503    | 9.4%                 | 8.5%   | 0.59%            | 0.59%                 | 22.09%          | 17.14%                    | 12.52%                    |
| <i>NCREIF TOTAL INDEX</i>                         |              |                      |        | 1.32%            | 1.32%                 | 18.22%          | 15.63%                    | 12.19%                    |
| <b>ALTERNATIVE INVESTMENTS</b>                    |              |                      |        |                  |                       |                 |                           |                           |
| Coral Partners V                                  | 30,321       |                      |        | 0.00%            | 0.00%                 | 8.74%           | -15.32%                   | -24.06%                   |
| Coral Partners V - Supplemental                   | 2,753        |                      |        | 0.00%            | 0.00%                 | 10.53%          | 10.33%                    | N/A                       |
| Coral Partners VI                                 | 42,705       |                      |        | 0.00%            | 0.00%                 | -6.22%          | -10.14%                   | N/A                       |
| Brinson 1998 Partnership Fund                     | 8,136        |                      |        | 0.00%            | 0.00%                 | 16.52%          | 15.11%                    | 1.97%                     |
| Brinson 1999 Partnership Fund                     | 14,531       |                      |        | 0.00%            | 0.00%                 | 14.27%          | 12.72%                    | -1.26%                    |
| Brinson 2000 Partnership Fund                     | 42,982       |                      |        | 0.00%            | 0.00%                 | 28.22%          | 17.90%                    | 3.70%                     |
| Brinson 2001 Partnership Fund                     | 24,368       |                      |        | 0.00%            | 0.00%                 | 19.85%          | 9.95%                     | 3.22%                     |
| Brinson 2002 Partnership Fund                     | 16,419       |                      |        | 0.00%            | 0.00%                 | 32.42%          | 13.22%                    | N/A                       |
| Brinson 2003 Partnership Fund                     | 3,978        |                      |        | 0.00%            | 0.00%                 | 25.48%          | 6.77%                     | N/A                       |
| Brinson 1999 Non-US Partnership Fund              | 7,436        |                      |        | 0.00%            | 0.00%                 | 40.48%          | 30.98%                    | 18.60%                    |
| Brinson 2000 Non-US Partnership Fund              | 8,409        |                      |        | 0.00%            | 0.00%                 | 35.03%          | 21.65%                    | 13.01%                    |
| Brinson 2001 Non-US Partnership Fund              | 12,208       |                      |        | 0.00%            | 0.00%                 | 27.25%          | 17.46%                    | 8.96%                     |
| Brinson 2002 Non-US Partnership Fund              | 16,981       |                      |        | 0.00%            | 0.00%                 | 38.11%          | 22.66%                    | N/A                       |
| Brinson 2003 Non-US Partnership Fund              | 9,764        |                      |        | 0.00%            | 0.00%                 | 31.08%          | 8.89%                     | N/A                       |
| Brinson 2004 Non-US Partnership Fund              | 4,255        |                      |        | 0.00%            | 0.00%                 | 24.56%          | N/A                       | N/A                       |
| Brinson BVCF IV                                   | 54,042       |                      |        | 0.00%            | 0.00%                 | 31.35%          | 19.07%                    | 0.41%                     |
| Matlin Patterson Global Opportunities             | 43,212       |                      |        | 0.00%            | 0.00%                 | -11.68%         | 26.48%                    | N/A                       |
| Matlin Patterson Global Opportunities II          | 74,556       |                      |        | 0.00%            | 0.00%                 | -0.85%          | N/A                       | N/A                       |
| InvestAmerica                                     | 13,029       |                      |        | 0.00%            | 0.00%                 | 0.00%           | -9.20%                    | N/A                       |
| Hearthstone MSII                                  | 0            |                      |        | 0.00%            | 0.00%                 | -100.00%        | -100.00%                  | -100.00%                  |
| Hearthstone MSIII                                 | 11,800       |                      |        | 0.00%            | 0.00%                 | 59.61%          | N/A                       | N/A                       |
| <b>TOTAL ALTERNATIVE INVESTMENTS (3)</b>          | 441,885      | 2.2%                 | 3.0%   | 0.00%            | 0.00%                 | 11.08%          | 11.81%                    | -2.11%                    |
| <b>CASH EQUIVALENTS</b>                           |              |                      |        |                  |                       |                 |                           |                           |
| <b>Northern Trust STIF/STEP</b>                   | 255,812      | 1.3%                 | 0.0%   | 0.30%            | 0.30%                 | 4.31%           | 2.64%                     | 2.41%                     |
| <i>90 Day T-Bill</i>                              |              |                      |        | 0.42%            | 0.42%                 | 4.00%           | 2.37%                     | 2.25%                     |
| <b>TOTAL FUND</b>                                 | 20,432,566   | 100.0%               | 100.0% | 0.04%            | 0.04%                 | 10.18%          | 13.18%                    | 7.21%                     |
| <b>POLICY TARGET BENCHMARK</b>                    |              |                      |        | 0.35%            | 0.35%                 | 7.37%           | 9.97%                     | 5.73%                     |

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual c